

STATE OF NORTH DAKOTA
BEFORE THE COMMISSIONER OF INSURANCE

In the Matter of

**Continental General Insurance
Company,
FEIN 47-0463747,**

Respondent.

CONSENT ORDER

Commissioner of Insurance Jim Poolman (hereinafter "Commissioner") has determined as follows:

1. The Commissioner has authority in this matter pursuant to N.D. Cent. Code §§ 26.1-01-03(1) and 28-32-05.1.

2. Continental General Insurance Company, FEIN 47-0463747 (hereinafter "Respondent"), is an insurance company incorporated under the laws of the State of Nebraska and has been duly authorized to do business in North Dakota since June 1969.

3. The Commissioner has jurisdiction over the Respondent and the subject matter of this Consent Order, and this Consent Order is made in the public interest.

4. Respondent has been duly apprised of all allegations contained herein. Respondent and the Commissioner have agreed to an informal disposition of this matter, without further administrative proceedings, as provided under N.D. Cent. Code § 28-32-05.1, and enter into the following Consent Order. As such, the Commissioner alleges the following violations of North Dakota law by Respondent.

5. N.D. Cent. Code § 26.1-36-09.2 states:

No insurance company, nonprofit health service corporation, or health maintenance organization may deliver, issues, execute, or renew any health insurance policy, health service contract, or evidence of coverage on an individual, group, blanket, franchise, or association basis if the policy, contract, or evidence of coverage contains any exclusion, reduction or other limitation as to coverage, deductibles, or coinsurance provisions, as to involuntary complications of pregnancy, unless the provisions apply generally to all benefits paid under the policy, contract, or evidence of coverage.

6. Since the effective date of N.D. Cent. Code § 26.1-36-09.2, Respondent attached a restrictive rider to the policies or certificates of individuals who have a prior negative history which was discovered during the underwriting process. This restrictive rider states "there are no benefits payable on [insured], for loss caused by or resulting from: Complications of Pregnancy."

7. Respondent issued 27 policies in North Dakota with the restrictive rider attached since the effective date of N.D. Cent. Code § 26.1-36-09.2.

8. Attaching of a restrictive rider which excludes benefits for involuntary complications of pregnancy violates N.D. Cent. Code § 26.1-36-09.2 because the provisions of the rider do not apply generally to all benefits paid under the policy.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent is assessed a fine in the amount of \$4,000 for the violation alleged above. The fine must be paid by Respondent within 15 days of the issuance of this Order.

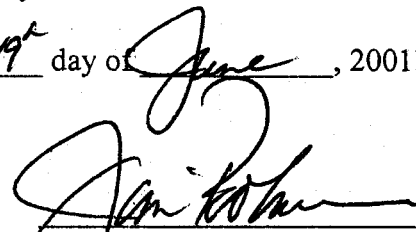
2. Respondent shall **CEASE AND DESIST** from excluding, reducing, or limiting benefits for involuntary complications of pregnancy in any manner, including attaching restrictive riders, unless such exclusions, reductions, or limitations apply generally to all benefits paid under the policy in accordance with N.D. Cent. Code § 26.1-36-09.2.

3. N.D. Cent. Code § 26.1-36-39 requires policies delivered or issued for delivery to

any person in the state which are not in compliance with N.D. Cent. Code § 26.1-36-09.2 to be construed as if they were in compliance and the rights of all parties are to be governed by the terms of the statute. As such, Respondent shall contact in writing all of its existing and former insureds who were issued health insurance coverage subject to an exclusionary rider for complications of pregnancy on or after the effective date of N.D. Cent. Code § 26.1-36-09.2 informing them that Respondent has agreed to reprocess and pay any claims incurred, but not previously submitted, for complications of pregnancy.

4. The use of this Consent Order for competitive purposes by an insurance agent or agency holding a license in the State of North Dakota, or by an company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority.

DATED at Bismarck, North Dakota, this 19th day of June, 2001.



Jim Poolman
Commissioner of Insurance
State of North Dakota

CONSENT TO ENTRY OF ORDER

The undersigned, Charles E. Real, on behalf of **Continental General Insurance Company**, states that he/she has read the foregoing Consent Order, that he/she knows and fully understands its contents and effect; that he/she has been advised of his/her right to be represented by legal counsel, his/her right to a hearing in this matter, his/her right to present evidence and arguments to the Commissioner, and his/her right to appeal from an adverse determination after hearing; and that by the signing of this Consent to Entry of Order

he/she waives those rights in their entirety, and consents to entry of this Order by the Commissioner of Insurance. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either expressed or implied.

DATED this 15th day of June, 2001.

Continental General Insurance Company

By: [Signature]

Title: Vice President

Subscribed and sworn to before me

this 15th day of June, 2001.

[Signature]
Notary Public

My Commission Expires:

